

3

HAGOP T. BEDOYAN, CSB NO. 131285
JACOB L. EATON, CSB NO. 244834
KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIB & KIMBALL, LLP
5260 N. Palm Avenue, Suite 217
Fresno, California 93704
Telephone: (559) 438-4374
Facsimile: (559) 432-1847

Attorneys for Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:
SHADY ACRES DAIRY,
Debtor-in-Possession.

Case No. 10-19058-A-11

Chapter 11

DC No. KDG-8

Date: N/A

Time: N/A

Place: United States Bankruptcy Court
2500 Tulare Street, Fifth Floor
Department A, Courtroom 11
Fresno, California

Judge: Honorable Whitney Rimel

DECLARATION OF JACOB L. EATON IN SUPPORT OF DEBTOR'S *EX PARTE*
APPLICATION FOR ORDER EXTENDING
DEADLINE TO FILE DISCLOSURE STATEMENT AND PLAN

I, JACOB L. EATON, declare:

1. I am an attorney at law admitted to practice law before all courts of the State of California. I am admitted to practice law before the United States District Court for the Eastern District of California and I am an associate in the law firm of Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP ("Klein, DeNatale").

2. I base this declaration on my personal knowledge from working on this file as an attorney for the Debtor-in-Possession.

///

///

1 3. Shady Acres Dairy filed a Voluntary Petition under Chapter 11 on August 9,
2 2010. On November 3, 2010, the Bankruptcy Court entered an order requiring Shady Acres
3 Dairy to file a plan of reorganization no later than December 31, 2010.

4 4. Frazer Frost, the accountants for Debtor, informed our office on December 19,
5 2010, that it will require additional time in which to prepare a forecast budget for Debtor for
6 use in Debtor's plan of reorganization. This is due to the large number of year end deadlines it
7 is required to meet in the ordinary course of business and to short staffing caused by the
8 holiday season.

9 5. Additionally, Debtor is in the process of negotiating with Farm Credit West
10 regarding the repayment of its debt through a consensual plan of reorganization and I believe
11 that it would be advantageous to all creditors for Debtor to negotiate a consensual plan with
12 Farm Credit West. Vanessa Boehm of Lang, Richert & Patch informed me that Farm Credit
13 West does not oppose the granting of an extension of time for Debtor to file a Plan of
14 Reorganization and Disclosure Statement.

15 6. I do not believe that extending the deadline for it to file its plan of
16 reorganization will create a hardship for Debtor's creditors because Debtor is making adequate
17 protection payments to its secured creditors under the terms of the *Third Stipulation for Use of*
18 *Cash Collateral* which was approved by the Bankruptcy Court on November 3, 2010 ("Third
19 Stipulation"). Specifically, under the terms of the Third Stipulation, Farm Credit West, Laura
20 Merrit, and Ruth Ann Latson are receiving principal and interest payments on their claims and
21 Penny Newman Milling and Penny Newman Grain are receiving interest payments. This
22 means that the amounts of most of the secured claims are not increasing and in most instances
23 are being reduced on a monthly basis.

24 7. Based upon the foregoing, Debtor believes that good cause exists to extend the
25 deadline for filing its Plan of Reorganization and Disclosure Statement from December 31,
26 2010 to January 31, 2010.

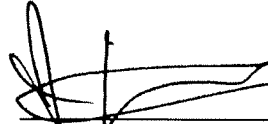
27 ///

28 ///

1 8. The foregoing statements are within my personal knowledge and I can testify
2 competently thereof if called as a witness.

3 I declare under penalty of perjury under the laws of the United States that the foregoing
4 is true and correct.

5 Executed this 23 day of December 2010 at Bakersfield, California.

6
7
8 
9 JACOB L. EATON
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28